

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON STATE ADMINISTRATION**

**Call to Order:** By **CHAIRMAN DEBBY BARRETT**, on January 24, 2003 at 8 A.M., in Room 455 Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. Debby Barrett, Chairman (R)  
Rep. Dee Brown, Vice Chairman (R)  
Rep. Norman Ballantyne (D)  
Rep. Arlene Becker (D)  
Rep. Sue Dickenson (D)  
Rep. Carol Gibson (D)  
Rep. Daniel S. Hurwitz (R)  
Rep. Hal Jacobson (D)  
Rep. Larry Lehman (R)  
Rep. Ralph Lenhart (D)  
Rep. Alan Olson (R)  
Rep. Bernie Olson (R)  
Rep. Don Roberts (R)  
Rep. Clarice Schrumpf (R)  
Rep. Pat Wagman (R)  
Rep. Jonathan Windy Boy (D)  
Rep. Cindy Younkin (R)

**Members Excused:** Rep. Larry Jent, Vice Chairman (D)

**Members Absent:** Rep. Frank Smith (D)

**Staff Present:** Sheri Heffelfinger, Legislative Branch  
Joan Reiman, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed. Time counter notations precede the testimony.

##### **Committee Business Summary:**

Hearing & Date Posted: HB 13, 1/15/2003  
Executive Action: None

**HEARING ON HB 13**

**Sponsor:** REP. DAVE LEWIS, HD 55

**Opening Statement by Sponsor:**

***{Tape: 1; Side: A; Approx. Time Counter: 0 - 5}***

**REP. LEWIS** said this is a \$19 million bill. There is no rollback on employee pay, but employees' health insurance benefits will increase by \$44/month. Employees with covered dependents will see a reduction in take-home pay. This is part of the collective bargaining process, but the two parties could not agree and so remain \$34 million apart. The health insurance industry is in a crisis; Blue Cross/Blue Shield premiums increased by about 15% lately. The Governor's priority is covering the \$20 million increase of employees with no dependents who cover only themselves. He provided Exhibit 1.

**EXHIBIT (sth15a01)**

**Proponents' Testimony:**

***{Tape: 1; Side: A; Approx. Time Counter: 5 - 14.3}***

**Chuck Swysgood, Office of Budget and Program Planning**, said the bill represents the administration's proposal. It has no increases in salary, only health premiums. Unable to reach agreement with the unions this session, the administration does not have the \$34 million it would take to meet their requests.

**John McEwen, State Personnel Division Administrator**, testified the bill updates the law so they won't have to amend the dates each session. The meat of the bill is in Section 6. There is no appropriation for the traditional contingency fund, which covers vacancy savings and excess sick or annual leave taken.

**EXHIBIT (sth15a02)**

**Opponents' Testimony:**

***{Tape: 1; Side: A; Approx. Time Counter: 14.3 - 60}***

***{Tape: 1; Side: B; Approx. Time Counter: 0 - 27.7}***

**Todd Lovshin, Montana Education Association/Montana Federation of Teachers (MEA/MFT)**, said a pay freeze is a pay cut. He gave an exhibit which shows average salaries. Montana is already \$14 behind the Market Plan, he said.

**EXHIBIT(sth15a03)**

**Tom Schneider, Montana Public Employees Association (MPEA)**, testified that the 1993 Session adopted a Market-Based Plan which started out \$80 million "in the hole," resulting in later need for negotiated increases, pay exceptions and alternate pay plans. He asked members to amend this bill to add 4% to employees' pay. He provided Exhibit 4.

**EXHIBIT(sth15a04)**

**REP. JILL COHENOUR, HD 51, E. HELENA**, testified the quality of state services will continue to erode because of vacancy savings and resultant higher workloads. She asked the committee to amend this bill.

**Paul Haber, University of Montana Faculty Association**, opposed the bill and asked for an amendment.

**Steve Gettel, Superintendent, Montana School for Deaf and Blind**, provided Exhibits 5 & 6. He said a two-year salary freeze will only make a bad situation worse. His cottage life attendants only work 39 weeks per year at \$8.10 per hour and cannot collect unemployment insurance in the summer, he said. In the last seven years, his turnover has increased to 50%, he testified.

**EXHIBIT(sth15a05)****EXHIBIT(sth15a06)**

**Laura Hinck, Montana Department of Agriculture**, urged members to amend HB 13 to include a 4% raise.

**Milo Coladonato, Department of Justice Driver Licensing Examiner**, said he opposed the pay freeze.

**Jackie Andrich, Child Support Enforcement Specialist, Butte**, said her office eliminated their telephone toll-free 800 number to save \$1 million/year, and they are working with fewer employees.

**Kathy Fehlig, President, Montana Association of Historical Workers**, asked for an increase - if not 4%, then some increase.

**Debra Edsall, Child Support Investigator, Butte**, said her 4% raise last October just covered increased health costs. Lower-graded employees cannot cover it, she said.

**Glen Kugel, Montana Association of Fish and Wildlife Biologists, Fairfield**, spoke against this bill.

**Cheryl Parker, Child Support Specialist, Missoula**, said there is no fat in her office and they are working efficiently. She opposed the bill.

**Tracey Tillinger, Child and Family Services**, opposed the bill.

**Don Alsager, Montana Developmental Center (MDC), Boulder**, said MDC has had a 50% turnover the last six months. He asked the committee to find new revenue sources to cover a pay raise, and asked for an amendment.

**Joe Cohenour, Montana Highway Patrol (MHP)**, said there is a recruiting and retention problem at MHP, and the city and county both pay police officers more than MHP.

**Marilyn Irely, Child Support, Butte**, opposed the bill in its present form. She charged that more insurance claims are partly due to stress.

**Questions from Committee Members and Responses:**

**{Tape: 1; Side: B; Approx. Time Counter: 27.7 - 60}**

**{Tape: 2; Side: A; Approx. Time Counter: 0 - 6.5}**

**REP. BROWN** asked the sponsor to address the audience concerns about a "mass exodus of state workers." **REP. LEWIS** said he thinks the numbers are level and that a job with benefits is a dream to most Montanans. He asked the committee not to raise taxes on all taxpayers to fund raises for the state. **REP. BROWN** asked the sponsor what the average benefit package looked like.

**REP. LEWIS** referred the question to **Mr. McEwen**, who said their annual benefit package includes 15 days leave, 10 holidays (11 in an election year), and 12 days of sick leave, plus the state pays for the "core" health/dental/life insurance plan for employees only.

**REP. YOUNKIN** asked **Mr. McEwen** about turnover rate. **Mr. McEwen** said it was 10% until about the last two years when it went up to about 12%. **REP. YOUNKIN** asked him to compare it to the private sector. **Mr. McEwen** said reading the literature revealed that an 8-10% turnover is a normal rate. **REP. YOUNKIN** asked him if it included those who retired. He indicated that it did.

**REP. LEHMAN** asked **Mr. McEwen** how many state employees there were. **Mr. McEwen** said they averaged 12,500 including legislative employees. **REP. LEHMAN** asked Cheryl Parker to clarify how much workers in her office collected in child support, if it was

stated as \$400,000 or \$4,000,000. **Ms. Parker** produced an exhibit showing it was close to \$640,000 last year.

**EXHIBIT (sth15a07)**

**REP. JACOBSON** asked Mr. Lovshin what would be the result of this bill on a worker making \$8/hour who covers a dependent. **Mr. Lovshin** estimated a reduction of \$60 and said they could go to a lower cost basic plan, but they would still have out-of-pocket expenses.

**REP. ROBERTS** asked the sponsor if the deficit may be worse than it was thought to be. **REP. LEWIS** said cash flow is \$12-15 million deficient, which could be covered by inter-fund borrowing, but must be repaid. He agreed they were "losing ground this year." **REP. ROBERTS** noted health expenses increased for private employers also and then asked **REP. LEWIS** whether the problem here was with the 4%, or if it was with any increase. He asked, "How about 2%?" (which would be \$13 million). **REP. LEWIS** said they have to cut \$100 million out unless they get it elsewhere -- like from the Coal Tax Trust Fund. "There is no money on the table," he asserted.

**REP. WAGMAN** asked **Ms. Edsel** what her husband did. **Ms. Edsel** said he was a barber. **REP. WAGMAN** asked how long he has been looking for a job covered by insurance. She replied that it had been 23 years.

**CHAIRMAN BARRETT** asked **Mr. Schneider** where the \$26 million for a 4% raise would come from. **Mr. Schneider** said that was hard to answer, and that perhaps it could come out of agency operating budgets. **CHAIRMAN BARRETT** asked him if he meant cutting programs. He replied, "That might have to happen."

**CHAIRMAN BARRETT** asked **Mr. Haber** how much tuition rose last year. **REP. YOUNKIN** said Kathy Conover from the University System was present to testify on that. **Kathy Conover** said tuition rose 13% this year with another surcharge of 4% at the Bozeman campus.

**REP. GIBSON** asked Ms. Irey if a token raise would be better than none. **Ms. Irey** said she can't speak for others but that for her, a 2% or 3% raise would be a morale booster.

**REP. BALLANTYNE** asked **Mr. Schneider** if employees could not negotiate after session ends. **Mr. Schneider** said that was true. **REP. BALLANTYNE** asked if they might see a strike during this Session as in 1991. **Mr. Schneider** said it has been discussed.

**REP. WINDY BOY** asked **REP. LEWIS** for the worst-case scenario.

**REP. LEWIS** said the bargaining units must sign the contract, but the legislature could make a raise retroactive.

**REP. BECKER** asked **Mr. Schneider** if \$26 million per biennium would cover a 4% raise. **Mr. Schneider** said it is actually closer to \$26-1/2 million. **Mr. Schneider** deferred to **Mr. McEwen**, who said the figure would exceed \$27 million for wages; the health insurance is already in the bill.

**REP. WAGMAN** asked **Mr. McEwen**, if the bill passes, what would happen then. **Mr. McEwen** said he would expect to see signatures on a contract. **REP. WAGMAN** asked what happens if the groups don't agree. **Mr. McEwen** said once the legislature is finished, the administration does not have anywhere to go for money for a raise. **REP. WAGMAN** asked if, at that point, they either strike or accept the contract. **Mr. McEwen** concurred with that.

**Closing by Sponsor:**

**REP. LEWIS** thanked participants for a good hearing and said this is an important bill. He said this is a classic example of the "zero-sum world of the appropriations committee," where they need to find the money to pay for any expenditures.

**{Tape: 2; Side: A; Approx. Time Counter: 6.5 - 7}**

**ADJOURNMENT**

Adjournment: 9:50 A.M.

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REP. DEBBY BARRETT, Chairman

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JOAN REIMAN, Secretary

DB/JR

**EXHIBIT (sth15aad)**